

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 NEA-10 ISO-00 SP-02 L-03 AGR-05 OES-03

CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 USIA-06 PRS-01

TRSE-00 OMB-01 AID-05 IGA-02 /061 W

----- 122905

R 041051Z MAR 76

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 9594

INFO AMEMBASSY JAKARTA

AMEMBASSY NEW DELHI

C O N F I D E N T I A L BANGKOK 5016

E.O. 11652: GDS

TAGS: EAID, TH

SUBJ: CY 1976 PL 480, TITLE I RICE PROGRAMS

REF: A) JAKARTA 2695 (NOTAL) B) STATE 037332 (NOTAL)

1. DIRECTOR GENERAL OF FOREIGN TRADE SUTHI NATWORATHAT CONFIDES HE WILL BE GOING TO JAKARTA LATER IN MARCH TO CONCLUDE SALE OF SECOND 100,000 METRIC TONS RICE. HE CONFIRMS (REF A) GENERAL ARIFIN INFORMED HIM OF POSSIBILITY GOI WOULD AGREE TO A PL 480 TITLE I PROGRAM BUT SUTHI BELIEVES SECOND RTG SALE WILL GO THROUGH. NONTETHELESS, HE HOPES USG WILL DELAY ANY PL 480 PROGRAM UNTIL FINAL AGREEMENT REACHED WITH GOI. HE CONTENTS HE WOULD BE SATISFIED WITH ANOTHER 100,000 TONS SALE AND RTG WOULD THEN FIND PL 480 PROGRAM MORE PALATABLE. SUTHI UNDERSTANDS FLOODS HAVE DESTROYED PORTION INDONESIAN CROP AND INDONESIAN IMPORT REQUIREMENTS HAVE RISEN.

2. EMBOFF THEN MENTIONED POSSIBLE PL 480 PROGRAM FOR INDIA (REF B). SUTHI EXPLAINED INDIANS HAD AGREED TO PURCHASE 200,000 METRIC TONS IN 1975 BUT AFTER SIGNING CONTRACTS FOR 140,000 TONS REFUSED TO ACCEPT REMAINING 60,000 TONS UNLESS PRICE LOWERED \$2.00 A TON TO \$193 A TON. RTG EXPECTS INDIAN MISSION WILL ARRIVE HERE LATER IN MONTH AT WHICH TIME RTG WILL APPLY MAXIMUM
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PRESSURE GET INDIANS TO HONOR THEIR COMMITMENT. SUTHI REMARKED

INDIANS WERE SHARP AND CRAFTY TRADERS BUT DID NOT ALWAYS PLAY STRAIGHT. FOR EXAMPLE, INDIANS ALLEGE THEY CAN GET RICE FROM NEPAL AT LOWER PRICE BUT RTG KNOWS THIS IS NOT THE CASE. SUTHI EXPRESSED HOPE PROPOSED USG SALE WOULD NOT UNDERMINE NEGOTIATIONS FOR RTG 60,000 TON SALE.

3. SUTHI SAID HE AS QUITE PLEASED WITH GOVERNMENT TO GOVERNMENT SALE PICTURE BUT PRIVATE EXPORTERS WOULD HAVE ABOUT 600,000 METRIC TONS AVAILABLE FOR EXPORT AND THAI FEARED U.S. COMPETITION WOULD BE SEVERE. IN PARTICULAR, SUTHI INDICATED HE HAD INFORMATION A BILL HAD BEEN OR WAS ABOUT TO BE SIGNED BY THE PRESIDENT WHICH WOULD PROVIDE USG SUBSIDIES FOR RICE EXPORTS IF EXPORT PRICE FELL BELOW A CERTAIN LEVEL. IT APPEARS SUTHI IS CONFUSING EXPORT SUBSIDIES, WHICH TO OUR KNOWLEDGE ARE NOT IN EFFECT AT THIS TIME, WITH THE PROVISIONS OF PUBLIC LAW 94-214 WHICH ELIMINATED ALL RICE MARKETING QUOTAS AND ACREAGE RESTRICTIONS. OUR UNDERSTANDING IS, THAT THE LEGISLATION PROVIDES FOR LOANS TO RICE FARMERS WITH HISTORICAL ACREAGE ALLOTMENTS, BUT DOES NOT PROVIDE FOR DIRECT FARM SUBSIDIES FOR RICE. WE WOULD APPRECIATE CLARIFICATION TO ALLAY SUTHI'S FEARS.

4. IN CONCLUSION SUTHI STATED RTG RICE POLICY DESIGNED TO GUARANTEE FARMERS A FLOOR PRICE OF 2,500 BAHT PER METRIC TON WAS A COMPLETE FAILURE. HOWEVER, THE RTG IN THIS PRE-ELECTION PERIOD WOULD NEVER ADMIT THE PROGRAM WAS ILL-ADVISED AND IMPRACTICAL. RATHER THEY WOULD DEFLECT CRITICISM TO U.S. PL 480 PROGRAMS AND PARTICULARLY TO ANY NEW LAW SUBSIDIZING PRIVATE U.S. RICE EXPORTS. WHILE APPRECIATING DOMESTIC U.S. PRESSURE EMBASSY CONTINUES TO HOPE ANY ACTIONS CONTEMPLATED ALONG THESE LINES CAN BE POSTPONED UNTIL AFTER APRIL 4. WHITEHOUSE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RICE, AGREEMENTS, SALES, PL 480 TITLE 1, VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BANGKO05016
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760082-1150
From: BANGKOK
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760397/aaaadhbo.tel
Line Count: 93
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 JAKARTA 2695
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAY 2004 by greeneet>; APPROVED <25 MAY 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CY 1976 PL 480, TITLE I RICE PROGRAMS
TAGS: EAID, OVIP, TH, ID, (SUTHI NATWORATHAT)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006